

**Q3**

**PRECISE BIOMETRICS**

INTERIM REPORT JANUARY-SEPTEMBER 2024

**Precise technology is used**

**100K**

**times/second  
all year round**



Precise Biometrics (Precise) is a global pioneer in the field of biometric and cybersecurity solutions. The offering includes algorithm products for fingerprint, facial and hand recognition, as well as end-customer products for biometric access (YOUNiQ Access) and visitor management (YOUNiQ Visit).

Our focus areas are biometric authentication for mobile phones, laptops, security keys and smart locks, vehicle applications for in-car payment, driver authentication and personal settings/access – as well as specialized systems for visitor management and physical biometric access control. Precise operates through two main business areas, Digital Identity and Biometric Technologies, and operates from its offices in Lund (HQ) and Stockholm, Sweden, Potsdam NY, USA, Seoul, South Korea, Taipei, Taiwan and Shanghai, China. The Precise share is listed on the Nasdaq Stockholm (PREC). Find out more at [www.precisebiometrics.com](http://www.precisebiometrics.com).

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THE PERIOD IN BRIEF:

# STRONG GROWTH AND SIGNIFICANTLY IMPROVED EARNINGS

## THIRD QUARTER

- Net sales totaled SEK 22.8 (17.7) million
- EBITDA totaled SEK 6.8 (-1.1) million
- The operating profit/loss (EBIT) totaled SEK 1.2 (-7.3) million
- Earnings for the period totaled SEK 1.4 (-7.7) million
- Earnings per share before and after dilution totaled SEK 0.02 (-0.10)
- Cash flow from operating activities totaled SEK 3.3 (-7.5) million
- ARR (Annual Recurring Revenue) at the end of the period was SEK 18.4 (17.8) million

## INTERIM PERIOD, JANUARY-SEPTEMBER

- Net sales totaled SEK 65.1 (54.8) million
- EBITDA totaled SEK 9.9 (-2.3) million
- The operating profit/loss (EBIT) totaled SEK -7.3 (-21.0) million
- Earnings for the period totaled SEK -7.1 (-21.4) million
- Earnings per share before and after dilution totaled SEK -0.09 (-0.27)
- Cash flow from operating activities totaled SEK 4.3 (-8.0) million
- ARR (Annual Recurring Revenue) at the end of the period was SEK 18.4 (17.8) million

## SIGNIFICANT EVENTS DURING THE QUARTER

(the bullet list below provides links to the relevant press releases)

- Precise and Infineon Technologies signed a joint product agreement for the automotive industry
- Precise launched its fraud prevention software, BioLive, in new verticals
- Precise made a presentation at Redeye's CyberSecurity and Autotech Event
- Precise showcased its IT security solutions at GSX 2024 in Florida

## SIGNIFICANT EVENTS AFTER THE END OF THE INTERIM PERIOD

(the bullet list below provides links to the relevant press releases)

- Precise presented vehicle solutions at the Infineon Preferred Design House Event
- Precise showcased its security solutions at Skydd 2024
- Precise signed an agreement with Crunchfish in respect of software for hand gestures

## FINANCIAL DATA AND KEY INDICATORS

Amounts in SEK thousands unless otherwise stated	2024	2023	2024	2023	2023	Rolling
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Full-year	12 mth
Net sales	22 799	17 721	65 065	54 758	75 069	85 376
Net sales growth, %	28,7%	-5,8%	18,8%	-23,7%	-17,5%	15,3%
EBITDA	6 785	-1 088	9 943	-2 281	-1 691	10 532
Gross margin, %	74,3%	64,0%	72,7%	63,1%	63,7%	70,9%
Operating profit/loss	1 150	-7 280	-7 340	-21 037	-26 458	-12 761
Operating margin, %	5,0%	-41,1%	-11,3%	-38,4%	-35,2%	-14,9%
Cash flow from the operating activities	3 275	-7 542	4 298	-7 932	-10 760	1 470
Cash and cash equivalents	41 650	64 382	41 650	64 382	47 534	
Annual Recurring Revenue	18 434	17 755	18 434	17 755	18 307	

See the Financial Glossary for definitions.

# PRESENTATION AND Q&A

Precise Biometrics has published a video in connection with this interim report, which includes an interview with CEO Joakim Nydemark. The video is available on the Investor Relations page: <https://precisebiometrics.com/investors/>

The material in the video is designed to complement the report and provide additional depth and better understanding of the stock market for the company's business operations.

The company also invites you to a live Q&A that starts at 01:00 PM (CET), on November 15, 2024. A link to the Q&A session may be found on the Investor Relations page: <https://precisebiometrics.com/investors/>

Questions can be asked directly in the chat function or submitted in advance to [investor@precisebiometrics.com](mailto:investor@precisebiometrics.com)

## CEO COMMENTS:

# STRONG GROWTH AND SIGNIFICANTLY IMPROVED EARNINGS

**Through a continued focus on sales activities, the launch of new offerings and amazing efforts in our customer projects, we are continuing our growth journey and increased sales during the quarter by 29% to SEK 22.8 million compared with the corresponding period last year. For the first time since 2020, we can also report a positive operating profit (EBIT) of SEK 1.2 (-7.3) million for the quarter, and an EBITDA of SEK 6.8 million, making this the fourth consecutive quarter with a positive EBITDA. Moreover, the need for biometric security solutions continues to increase, and we feel that our offerings in the areas of biometrics and cyber security are more relevant than ever, which bodes well for the future.**

## MOBILE SUCCESS

Demand in the mobile market, primarily linked to ultrasonic sensors and anti-tampering, has remained strong and our volumes are growing steadily. Many of the projects we won earlier this year are now in volume production, with product launches both in the past quarter and in the quarters to come.

Our partnership with Qualcomm has developed well, with several new projects during the quarter, as well as some projects where new products have reached the market. One of the projects that reached the market during the quarter is a mobile device from Google.

## GROWING VERTICALS

We have worked hard on the development of our products, where our palm recognition and the upgraded anti-spoof solution BioLive have contributed to an expanded market and new business opportunities. The [agreement with Crunchfish](#) further strengthens the company's solutions through faster palm detection, increased flexibility and new potential product areas in consumer electronics and the automotive.

In September, we were proud to present [an embedded version of BioLive](#) – the next-generation, AI-powered security solution that prevents the manipulation of biometric systems. This embedded BioLive solution supplements the previously launched solution for mobile phones by working in devices such as laptops, vehicles, smart locks and fingerprint equipment at airports. We are convinced that this

development will generate new revenue flows from both current and new partners. We also took further steps in our growth strategy during the third quarter, with a [new partnership agreement with Infineon Technologies](#) – a global leader in semiconductor manufacturing – which saw us create a joint fingerprint product. A listing in Infineon's product portfolio and access to Infineon's global sales organization, including partners, create the best possible conditions for new business in the automotive industry. The product is also already in production under a previous agreement at one vehicle manufacturer, with a launch in the coming quarters. With an offering that creates the conditions for the SDV (Software Defined Vehicle), which is an important component of vehicle digitalization, Precise is consolidating its position as a strong supplier in the field of biometrics to the automotive industry.

With a customer focus, innovation and competitive products, we hope to be able to continue our journey of growth and deliver value to both customers and shareholders.

## VISITOR AND PHYSICAL ACCESS

Interest in solutions associated with physical access is growing, not least towards the end of the period. The summer months are always tougher in terms of sales for our business in visitor and access systems, but with the year's highest sales in September and several new salespeople in place, we are hoping for a strong end to the year.

## MARKET DYNAMICS

In view of the unstable security situation and the growing number of cyber attacks, we see a major need for biometric solutions in areas such as more secure physical access and increased cyber security. The police, technical experts and the government are actively investigating ways to make use of these technologies, and more and more Swedes are positive about the use of biometrics in more than just mobile phones. According to [a report from VISA](#), half of all Swedes have more trust in biometrics than passwords, and believe that their use will have a positive impact on society. Furthermore, one in three Swedes would like to use fingerprints to unlock their car and home, and also to replace ID cards and passports.



We see similar developments globally, with the Wall Street Journal recently highlighting how technology giant Amazon's hand-held readers are being used in Whole Foods grocery stores in the USA, and how the Transportation Security Administration has started scanning passengers' faces instead of checking ID. The subway in China has also started to use hand-held readers for its passengers, and a common feature of all the installations is that biometrics are contributing to increased security, efficiency, convenience and time savings.

## MARKETING ACTIVITIES

During the fall, I had the privilege of speaking at the Redeye CyberSecurity and Autotech event, as well as attending Infineon's Preferred Design House event in Munich, where we discussed the increasing importance of biometric authentication in cyber security and the automotive industry. The automotive industry is a vertical with good prospects for the future, where innovative biometric solutions play a crucial role in creating a safer, more convenient in-car experience.

[GSX is a trade show in the USA for the security sector](#), where we exhibited at both our own booth and that of our partner, Genetec. We presented facial and palm recognition for access systems, and the feedback was very positive. Our focus on palm recognition as a new modality feels extremely timely. To cover the Swedish and Nordic markets, we also had a presence at the SKYDD trade show in Stockholm, where, in addition to YOUNiQ Access with face and palm as modalities, we presented our leading visitor system YOUNiQ Visit, and participated in several panel discussions on biometric security.

As a consequence of the growing interest in biometrics and cyber security in general, as well as our position as a knowledgeable leader in the field of biometrics, we are increasingly being asked to participate in interviews. During the quarter, we were interviewed by the Swedish financial newspaper Dagens Industri and the security magazine Aktuell Säkerhet about issues relating to cyber security and biometrics.

## LOOKING AHEAD

I write these words after spending some of my time in recent months meeting customers and business partners around the world. Three continents, 20+ meetings with customers and partners, events with presentations, and many spontaneous meetings with potential customers. What I can confirm is that we have an extremely well-positioned, relevant product portfolio, strong relationships with partners and a highly competent team that places us at the forefront of personal identification and authentication in different sectors. As a pure software company, we also have the ability to quickly adapt to market requirements.

I am incredibly proud of the work being done by the entire Precise team, with everyone contributing to taking the company to new levels of success. I am very confident about the rest of 2024 and 2025, in which we will intensify our commercialization initiatives, with the aim of creating continued growth and profitability.

**Joakim Nydemark**  
CEO

## MY TOP THREE:

- **Strong financial figures**  
29% growth in revenues and positive EBIT
- **Clear offerings in growth segments**  
Mobiles, vehicles, cyber security, visitor systems, physical and logical access
- **Stronger partner relationships**  
Qualcomm, EgisTec, Infineon, Genetec through new projects and market collaborations





# UPDATE FROM THE BUSINESS AREAS

## BIOMETRIC TECHNOLOGIES

The market for, and interest in, the company's biometric algorithm products continue to develop well. The driving factors remain the same, such as the rapid development of technology centered around AI, the unstable security situation in the world at large, recurring cyber attacks, and the ever-increasing consumer demands for user-friendliness. At the same time, both knowledge of and confidence in biometric solutions are growing, as a new [report from VISA](#) shows – One in three Swedes wants to unlock everything with their fingerprints.

Precise is experiencing an increasingly strong position. The market is under price pressure, but margins are generally better in the more complex premium segments – ultrasonic sensors, anti-tampering, etc. – where Precise is strongest.

## A GROWING, MORE DEMANDING MOBILE PHONE MARKET

The mobile phone market is growing. At the same time, demands on both technology and security are increasing in the segment, which benefits Precise. The more complex premium segments are growing fastest, where the company's anti-tampering offerings – solutions to counteract manipulation and counterfeiting – and ultrasonic sensors are in high demand. Precise has a unique position in both of these product areas, and is one of the few actors globally.

Precise has won several new mobile projects during the period, which will generate revenues in the years ahead. It is also pleasing that Precise technology can be found in several recently launched phones, both on the global market and on the local, but large, Chinese market.

Precise's partnership with Qualcomm has developed well, with several new projects during the quarter, as well as some projects where products have reached the market. One of the projects that reached the market during the quarter is a mobile device from Google.

***One of the projects that reached the market during the quarter is a mobile device from Google.***

It is in the ultrasonic and anti-tampering segments in particular where major progress is being made. Precise is currently the only supplier to Qualcomm when it comes to anti-tampering and ultrasonic algorithms outside Asia.

## STRONGER AUTOMOTIVE POSITION & CLOSER INFINEON RELATIONSHIP

Biometrics is playing an increasingly central role in the automotive industry, partly due to the general mega and macro trends, but also due to the trend towards more software-centric vehicles, Software Defined Vehicles (SDV). New regulations place tougher demands on security, and interest is growing in in-car services that require payment, which is one of the major drivers of biometrics in vehicles. Payment may, for example, relate to entertainment, charging, fuel, tolls or parking, as well as vehicle-related services such as software updates, new functions and service.

An important milestone was reached during the period, as the [relationship with Infineon](#) was further reinforced by an agreement to create a jointly packaged product for the automotive industry. This collaboration enables the integration of Precise technology into vehicle systems and strengthens the company's position in the rapidly growing market for biometric vehicle solutions.

At the same time, two of Precise's existing customers went into mass production during the period, which means that the company's solutions are now being integrated into series-produced vehicles that are expected to be on the market from the end of 2024.

## PALM MODALITY: MARKETING WORK CONTINUES

Precise's latest product is an algorithm for palm recognition, which was launched earlier this year. It was evaluated by a number of customers during the period and generated a high level of interest. There is a strong increase in its use for payment and access around, with Amazon, for example, using it in many of its stores in the USA. There are also installations in the subway in China. With [software from Crunchfish](#), the company's solution is further strengthened through faster palm detection, increased flexibility and new potential product areas in consumer electronics and automotive.

Offering palm recognition to the market means that the growing demand for innovative, user-friendly security solutions is met, which boosts Precise's competitiveness. There are also major opportunities to combine palm authentication with other modalities to ensure multi-factor authentication (MFA), which is increasingly being required.

## BIO LIVE IN LIMITED HARDWARE ENVIRONMENTS

During the year, Precise has taken important steps to optimize and adapt the anti-tampering and liveness product **BioLive**, which has resulted in the system now being able to run in more limited hardware environments, so-called embedded systems. This development brings new opportunities in market segments with requirements for simpler, less resource-intensive hardware. Examples of segments include laptops and vehicles, where both consumer requirements and regulations emphasize the need for increased security.

## DIGITAL IDENTITY

Interest in Precise's visitor system, YOUNiQ Visit, known as EastCoast Visit in Sweden, has never been greater. Sales started rather slowly during the summer months, which is normal, but activities and business opportunities have continuously increased during the period – and September was the company's best sales month so far this year for YOUNiQ Visit. The increased interest is due not only to external factors, such as new regulations regarding security and cloud use, higher levels of attendance in offices, digitalization in society and efficiency requirements, but also to internal factors, such as a further improved product and new markets, and new salespeople starting to deliver.

Regarding the Precise access system, YOUNiQ Access, the challenges have been slightly greater, mainly on the home market in Sweden. This is primarily driven by uncertainty about the actual impact of GDPR. It is, however, positive to see a lot of interest internationally, for example with the company receiving very positive feedback at the GSX trade show in Florida at the end of September.

## A FEW HIGHLIGHTS:

- New regulations regarding the ability of public organizations to use cloud solutions, which is driving increased sales of YOUNiQ Visit in particular. Many other external factors are also having a positive impact, such as an increased focus on security and higher levels of attendance in offices.
- Good sales for YOUNiQ Visit, with September being the best month of the year. There is great interest in the product, which benefits both new sales and sales to

existing customers, primarily in the form of migration to the cloud and customers expanding the solution to more offices. Since the end of the period, the company has also strengthened the sales organization in Sweden with additional resources, which strengthens its position going forward.

- International markets are delivering. The team in the Netherlands is doing a good job and the first deals have been signed, while interest and demand are increasing from countries such as Norway and the UK.
- Demand for YOUNiQ Access in high-security environments is increasing.
- Precise participated at the [GSX trade show in Orlando](#), Florida at the end of September, both with its own booth, together with its partner Hand.ID, and through representation at Genetec's booth, where the palm authentication solution was presented by Genetec staff and met with a very positive reception.



## NEW CUSTOMERS

During the quarter, Precise signed up several new customers in the area of Digital Identity, while many existing customers also carried out major updates and migrated to the cloud. These companies include: Billerud, Båstad Municipality, Consilium Marine & Safety, Duni, Folksam, Försäkringsrådgivarna i Mälardalen, the City of Helsingborg, Installatörsföretagen, HELIO (Gate:01), Ledarna, Returpack, Sandvikens Energi, Statistics Sweden, White Arkitekter, etc.

## PRODUCT ROADMAP

A number of new features in YOUNiQ products were launched during the period, and there is a clear roadmap going forward, which includes both new functionality and further improved security and compatibility with different security standards.

# CUSTOMER OFFERING

In a society where security and user-friendliness are becoming increasingly central, Precise helps to create greater peace of mind. This is done by developing innovative technological solutions in the areas of cyber security and biometric recognition, where simplicity and a first-class user experience are combined with a very high level of security, because “YOU are the key”. Instead of using a PIN code, password, key, card, etc. to authenticate yourself, you use your finger, face, or palm.

There are areas of application in both digital and physical access, and the applications can be found in, for example, mobile phones, laptops, smart locks, security keys and vehicles, and in visitor and access systems.

The offering consists of algorithm products, basic technology, which component manufacturers use in their products, and also end-customer products for access and visitor management. The focus of all solutions is to combine high security with a first-class user experience through outstanding technology, based on AI and Deep Learning.

## – YOU ARE THE KEY

## WHY PRECISE?

- Unique knowledge, as biometrics has been our core business for 25 years.
- Established on the global market, our technology is used more than 100,000 times per second, all year round.
- Large customer base and a global ecosystem of partners.
- Hardware-independent
- Combines several different biometric modalities such as finger, palm, and face.
- Public company.
- Positive development.



## THE COMMERCIAL BENEFIT OF BIOMETRIC RECOGNITION

The commercial benefit of biometric recognition solutions can be divided into internal company factors and external environmental factors. The internal factors relate to areas such as security, efficiency, user-friendliness, customer service, compliance, and scalability, while the external factors primarily concern the rapid development of technology and AI, and the uncertain security situation.

- Security
- Scalability
- Compliance
- User-friendliness and simplicity
- Reduced risk of fraud and forgery

## OUR PRODUCTS

### END-CUSTOMER PRODUCTS FOR ACCESS AND VISITOR MANAGEMENT

- **YOUNiQ Access** is our biometric access solution for physical entry.
- **YOUNiQ Visit** (EastCoast Visit in Sweden) is our visitor management solution.

### ALGORITHM PRODUCTS FOR BIOMETRIC RECOGNITION

- **BioMatch** is our fingerprint and palm matching product.
- **BioLive** is our product to prevent manipulation, fraud and forgery by ensuring the authenticity of biometric prints.
- **BioEnhance** is our product for image enhancement, e.g., regarding biometric prints before matching.





# NET SALES & OPERATING PROFIT/LOSS

## NET SALES FOR THE QUARTER

Net sales during the quarter increased to SEK 22.8 (17.7) million, and net sales were divided between royalty revenues of SEK 11.0 (4.1) million, license fees (including support and maintenance) of SEK 11.0 (11.8) million and other revenues of SEK 0.8 (1.8) million. Royalty revenues were up year-on-year as a consequence of new customer projects and general volume growth in the mobile industry. License fees were down slightly year-on-year, mainly due to changes in the composition of customers and renegotiated license agreements due to the reduced support needs of some customers.

## BIOMETRIC TECHNOLOGIES

Net sales for Biometric Technologies totaled SEK 17.5 (12.6) million and are reported under royalties at SEK 11.0 (4.1) million, licenses at SEK 6.4 (7.4) million, and Other at SEK 0.1 (1.2) million. The increase in royalty revenues is partly due to Precise being correctly positioned in the area of new sensor technologies such as ultrasound. License fees were down year-on-year mainly due to changes in the composition of customers and renegotiated license agreements due to the reduced support needs of some customers. The gross margin during the quarter totaled 82.0% (80.1). The increase in gross margin is primarily due to higher sales. Royalty revenues are based on the customers' sales volumes, and increased royalty revenues therefore have a positive impact on margins as they do not entail any extra costs for Precise.

## DIGITAL IDENTITY

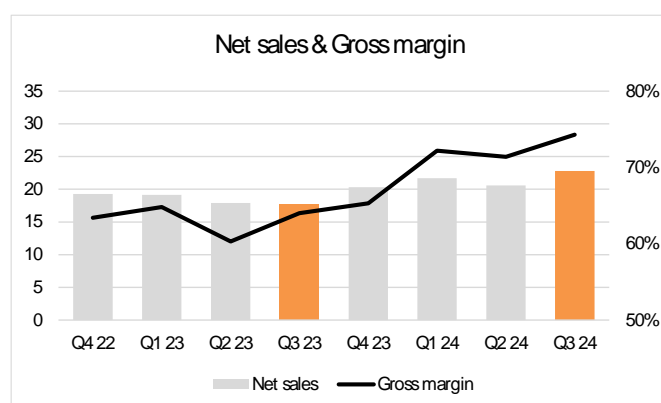
Net sales for Digital Identity totaled SEK 5.3 (5.1) million and are reported under licenses at SEK 4.6 (4.4) million, and Other at SEK 0.7 (0.6) million.

The proportion of recurring revenues (Annual Recurring Revenue, ARR) increased, while revenues of a non-recurring nature decreased. This is part of the company's strategy to allocate a larger proportion of revenue as recurring ARR instead of one-off licenses. The ARR at the end of the third quarter was SEK 18.4 (17.8) million.

The gross margin during the quarter totaled 49.0% (24.2). The higher gross margin is explained by higher proportion of software compared with hardware sales, where the margin is higher.

## EARNINGS FOR THE QUARTER

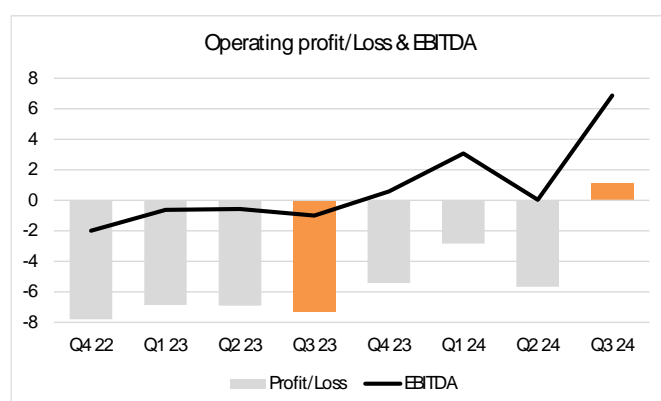
The gross margin during the quarter totaled 74.3% (64.0). The increase is primarily due to a change in the product mix in Digital Identity, which had a positive impact on the gross margin. Total amortization of capitalized development expenses was SEK 4.1 (4.6) million. Amortization of acquired intangible assets totaled SEK 0.6 (0.6) million.



Operating expenses for the quarter decreased to SEK 15.8 (18.6) million, primarily due to higher R&D expenses. The profit/loss at EBITDA level increased to SEK 6.8 (-1.1) million. The improved EBITDA result is primarily attributable to higher net sales.

The operating profit/loss (EBIT) for the quarter totaled SEK 1.2 (-7.3) million. Earnings for the quarter totaled SEK 1.4 (-7.7) million. Total depreciation/amortization totaled SEK 5.6 (6.2) million.

Earnings per share (average number of shares) for the quarter totaled SEK 0.02 (-0.1).



## NET SALES FOR THE INTERIM PERIOD

Net sales during the interim period totaled SEK 65.1 (54.8) million. Net sales were split between royalty revenues of SEK 29.6 (11.6) million, license fees (including support and maintenance) of SEK 31.2 (37.5) million and Other of SEK 4.3 (5.7) million. The increase in royalty revenues is largely due to Precise being correctly positioned within new sensor technologies such as ultrasound and the number of units sold in the mobile market in general increasing during the year compared to 2023. License fees were down year-on-year mainly due to changes in the composition of customers and renegotiated license agreements due to the reduced support needs of some customers.

## BIOMETRIC TECHNOLOGIES

Net sales for Biometric Technologies totaled SEK 49.2 (38.9) million and are reported under royalties at SEK 29.6 (11.6) million, licenses at SEK 17.3 (24.2) million, and Other at SEK 2.3 (3.1) million. The increase in royalty revenues is largely due to Precise being correctly positioned within new sensor technologies such as ultrasound and the number of units sold in the mobile market in general increasing during the year compared to 2023. License fees were down year-on-year mainly due to changes in the composition of customers and renegotiated license agreements due to the reduced support needs of some customers. The gross margin during the interim period was 83.9% (80.4).

## DIGITAL IDENTITY

Net sales for Digital Identity totaled SEK 15.9 (15.9) million and are reported under licenses at SEK 13.8 (13.3) million, and other at SEK 2.0 (2.6) million. The change in revenues in Digital Identity is due to the fact that the proportion of Annual Recurring Revenue (ARR) increased, while non-recurring revenues decreased. This is part of the company's strategy to allocate a larger proportion of revenue as recurring ARR instead of one-off licenses. Other revenue consists mainly of hardware in the area of Digital Identity, and this has decreased due to the fact that sales of hardware for YOUNIQ are to a greater extent managed at the retail level. The ARR at the end of the interim period was SEK 18.4 (17.8) million. The gross margin during the interim period was 37.9% (20.5).

## EARNINGS FOR THE INTERIM PERIOD

The gross margin during the interim period was 72.7% (63.1). The increase is primarily due to a change in the product mix in Digital Identity, which had a positive impact on the gross margin. Total amortization of capitalized development expenses was SEK 12.5 (13.9) million. Amortization of acquired intangible assets totaled SEK 1.8 (1.8) million.

Operating expenses for the interim period decreased to SEK 54.6 (55.6) million, primarily due to lower R&D expenses. The profit/loss at EBITDA level increased to SEK 9.9 (-2.3) million. The improved EBITDA result is primarily attributable to higher royalty revenues in Biometric Technologies.

The operating profit/loss (EBIT) for the interim period totaled SEK -7.3 (-21.0) million. The improved operating profit/loss is due to higher sales. Earnings for the interim period totaled SEK -7.1 (-21.4) million. Total depreciation/amortization totaled SEK 17.3 (18.8) million. Earnings per share (average number of shares) for the interim period totaled SEK -0.1 (-0.3).

## NET FINANCIAL ITEMS AND TAX

Net financial items for the quarter totaled SEK 0.2 (-0.5) million and the tax expense totaled SEK 0.1 (0.1) million. Net financial items for the interim period totaled SEK -0.1 (-0.7) million and the tax expense totaled SEK 0.3 (0.3) million.

Net financial items are attributable to exchange rate differences in cash and cash equivalents, interest on the lease liability in accordance with IFRS 16, as well as interest expense on the deferred fixed purchase price related to the acquisition of EastCoast.

## CASH FLOW AND INVESTMENTS

The cash flow for the quarter from operating activities totaled SEK 3.3 (-7.6) million, of which SEK -3.6 (-6.5) million is attributable to changes in working capital. The Group invested SEK 0.3 (0.8) million in property, plant and equipment during the quarter. Total cash flow for the quarter was SEK 0.0 (-11.2) million.

Cash flow for the interim period from operating activities totaled SEK 4.3 (-7.9) million, of which SEK -5.6 (-5.8) million is attributable to changes in working capital. The Group invested SEK 0.2 (0.9) million in property, plant and equipment during the interim period. Total cash flow for the interim period was SEK -5.9 (18.0) million.



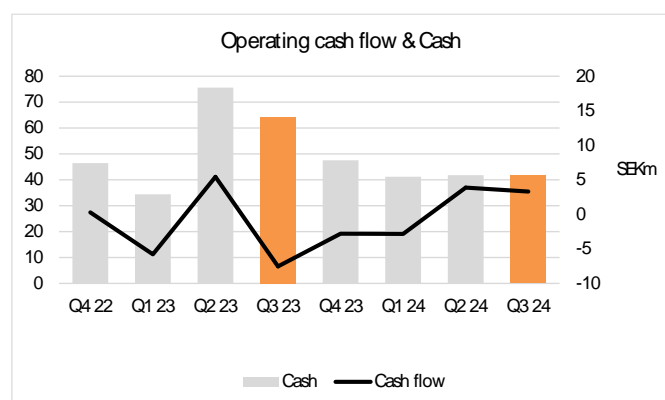
## CAPITALIZATION & AMORTIZATION OF DEVELOPMENT WORK

Development expenses of SEK 2.5 (2.8) million were capitalized during the quarter, and amortization of capitalized development expenses in respect of Digital Identity and Biometric Technologies totaled SEK 4.1 (4.6) million.

Development expenses of SEK 8.1 (11.6) million were capitalized during the interim period, and amortization of capitalized development expenses totaled SEK 12.5 (13.9) million.

## FINANCIAL POSITION AND LIQUIDITY

Cash and cash equivalents at the end of the period totaled SEK 41.7 (64.4) million. Total equity at the end of the period was SEK 152.2 (164.6) million, and equity per share was SEK 1.94 (2.1).



## THE PARENT COMPANY

The parent company's net sales for the quarter totaled SEK 19.0 (12.0) million. The operating profit/loss for the quarter totaled SEK -0.3 (-8.7) million. Net sales for the interim period totaled SEK 52.2 (39.3) million. The operating profit/loss for the interim period totaled SEK -8.6 (-24.4) million and was affected by amortization of goodwill totaling SEK 1.8 (1.8) million. Cash and cash equivalents at the end of the interim period totaled SEK 29.2 (52.9) million, and equity totaled SEK 140.8 (152.1) million.

## ORGANIZATION AND STAFF

The organization consists of the head office in Lund, Sweden, and offices in Stockholm, Sweden, Potsdam, USA, and Shanghai, China. At the end of the interim period, the Group had a workforce of 40 (43) people, including on-site consultants. The number of employees was 30 (28), of which 23 (21) were located in Sweden. Precise works in an agile way together with several partners, creating a fast-moving, scalable organization. The number of employees does not include partners.

## FINANCIAL CALENDAR

Q4 Interim Report 2024 – February 13, 2025

Q1 Interim Report 2025 – May 14, 2025

AGM 2025 – May 22, 2025

## RISK FACTORS

The Group and parent company's business risks and risk management as well as the management of financial risks are described in detail in the Annual Report for 2023, which was issued in April 2024. There have been no incidents of significant importance since then that would affect or change these descriptions of the Group or parent company's risks and how they are managed.

## OWNERSHIP STRUCTURE

Precise Biometrics AB (publ), corporate ID number 556545-6596, is the parent company of the Precise Biometrics Group. Precise Biometrics AB's shares are listed on the Small Cap list of the Nasdaq OMX Nordic. The number of shareholders at the end of the quarter was 22,369 (16,890). 154,050,244 (19,230,675) PREC shares were traded during the quarter. The closing price on September 30 was SEK 3.68 (1.18), and during the quarter the share price fluctuated between SEK 8.80 (1.85) and SEK 3.22 (1.01).

# AUDIT

This interim report has been the subject of a summary audit by the company's auditors.

The undersigned certify that the interim report provides a true and fair view of the parent company's and the Group's operations, financial position and financial results, and describes the significant risks and uncertainty factors faced by the parent company and the companies that belong to the Group.

**Lund, November 15, 2024**

**Torgny Hellström**

Chairman of the Board

**Howard Ro**

Board member

**Peter Gullander**

Board member

**Maria Rydén**

Board member

**Åsa Schwarz**

Board member

**Joakim Nydemark**

CEO

For further information, please contact:

**Joakim Nydemark, CEO**

Email: [joakim.nydemark@precisebiometrics.com](mailto:joakim.nydemark@precisebiometrics.com)

This information is information that Precise Biometrics AB is obligated to disclose pursuant to the EU Market Abuse Regulation. The information was submitted for publication on November 15, 2024 at 08:00 AM (CET).

# REVIEW REPORT

Precise Biometrics AB (publ), corporate identity number 556545-6596

To the Board of Directors of Precise Biometrics AB (publ)

## Introduction

We have reviewed the condensed interim report for Precise Biometrics AB (publ) as at September 30, 2024 and for the nine months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

## Scope of review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 Review of Interim Financial Statements Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Malmö, November 15, 2024

Ernst & Young AB

**Martin Henriksson**

Authorized Public Accountant

# CONSOLIDATED INCOME STATEMENT, IN SUMMARY

Amounts in SEK thousand	Note	2024 Jul-Sep	2023 Jul-Sep	2024 Jan-Sep	2023 Jan-Sep	2023 Full-year	Rolling 12 mth
Net sales	2,3	22 799	17 721	65 065	54 758	75 069	85 376
Cost of goods sold		-5 863	-6 371	-17 771	-20 208	-27 246	-24 809
<b>Gross profit</b>		<b>16 936</b>	<b>11 350</b>	<b>47 294</b>	<b>34 550</b>	<b>47 823</b>	<b>60 567</b>
Marketing and sales expenses		-6 705	-7 064	-24 588	-20 701	-27 420	-31 307
Administrative expenses		-2 495	-3 542	-10 089	-10 662	-14 150	-13 577
R&D expenses		-6 325	-8 039	-20 219	-24 308	-32 105	-28 016
Other operating income/expenses		-260	13	263	83	-606	-425
		<b>-15 786</b>	<b>-18 630</b>	<b>-54 634</b>	<b>-55 587</b>	<b>-74 281</b>	<b>-73 328</b>
<b>Operating profit/loss</b>		<b>1 150</b>	<b>-7 280</b>	<b>-7 340</b>	<b>-21 037</b>	<b>-26 458</b>	<b>-12 761</b>
Financial income/expenses	4	159	-506	-60	-664	-291	313
<b>Profit/Loss before tax</b>		<b>1 309</b>	<b>-7 786</b>	<b>-7 400</b>	<b>-21 701</b>	<b>-26 749</b>	<b>-12 448</b>
Tax		88	89	262	259	346	349
<b>Profit/loss for the period attributable to parent company shareholders</b>		<b>1 396</b>	<b>-7 697</b>	<b>-7 138</b>	<b>-21 442</b>	<b>-26 403</b>	<b>-12 099</b>
Earnings per share, remaining operations, SEK*							
- before dilution		0,02	-0,10	-0,09	-0,27	-0,34	-0,15
- after dilution		0,02	-0,10	-0,09	-0,27	-0,34	-0,15
<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b>							
<b>Profit/Loss for the period</b>		<b>1 396</b>	<b>-7 697</b>	<b>-7 138</b>	<b>-21 442</b>	<b>-26 403</b>	<b>-12 099</b>
<b>Other comprehensive income:</b>							
<i>Items that may be reclassified to profit or loss</i>							
Changes in accumulated exchange rate differences		-125	-5	16	69	-127	-180
<b>Other comprehensive income for the period</b>		<b>-125</b>	<b>-5</b>	<b>16</b>	<b>69</b>	<b>-127</b>	<b>-180</b>
<b>Profit/Loss total attributable to holders of participations in the parent company</b>		<b>1 271</b>	<b>-7 702</b>	<b>-7 122</b>	<b>-21 373</b>	<b>-26 530</b>	<b>-12 279</b>

\*Dilution effects are only considered in the event that the earnings per share become worse. Dilution effects have not been considered, as the average price is below the subscription price in current option programs.

# CONSOLIDATED BALANCE SHEET, IN SUMMARY

Amounts in SEK thousand

ASSETS	Note	2024-09-30	2023-09-30	2023-12-31
<b>FIXED ASSETS</b>				
Material assets		9 645	7 217	6 447
Goodwill and immaterial assets		126 408	134 736	132 751
<b>TOTAL FIXED ASSETS</b>		<b>136 053</b>	<b>141 953</b>	<b>139 198</b>
<b>CURRENT ASSETS</b>				
Inventories		231	467	359
Accounts receivable		15 836	9 461	19 173
Other current receivables		4 388	4 279	3 499
Accruals and deferred income		2 710	2 817	2 903
Cash and cash equivalents	4,6	41 650	64 382	47 534
<b>TOTAL CURRENT ASSETS</b>		<b>64 815</b>	<b>81 407</b>	<b>73 467</b>
<b>TOTAL ASSETS</b>		<b>200 868</b>	<b>223 360</b>	<b>212 665</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Equity		152 200	164 577	159 319
<b>TOTAL EQUITY ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS</b>		<b>152 200</b>	<b>164 577</b>	<b>159 319</b>
<b>LONG-TERM DEBT</b>				
Long term debt	6	21 150	24 232	17 460
<b>TOTAL LONG-TERM DEBT</b>		<b>21 150</b>	<b>24 232</b>	<b>17 460</b>
<b>SHORT-TERM LIABILITIES</b>				
Short-term liabilities	4,6	27 518	34 551	35 886
<b>Total Short-term liabilities</b>		<b>27 518</b>	<b>34 551</b>	<b>35 886</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>200 868</b>	<b>223 360</b>	<b>212 665</b>

# CONSOLIDATED CASH FLOW STATEMENT, IN SUMMARY

Amounts in SEK thousand	Note	2024 Jul-Sep	2023 Jul-Sep	2024 Jan-Sep	2023 Jan-Sep	2023 Full-year	Rolling 12 mth
<b>Cash flow from operating activities</b>							
Operating profit/loss		1 150	-7 280	-7 340	-21 037	-26 458	-12 762
Adjustments for items not included in cash flow		5 519	6 299	17 267	18 867	24 843	23 243
Interest payments, net		159	-74	-60	13	386	313
Tax paid		-2	-2	-13	-12	-9	-10
<b>Cash flow from operating activities before changes in working capital</b>		<b>6 826</b>	<b>-1 057</b>	<b>9 854</b>	<b>-2 169</b>	<b>-1 238</b>	<b>10 785</b>
<b>Cash flow from changes in working capital</b>							
Change in inventories		60	1	128	-156	-48	236
Change in current receivables		3 609	35	2 668	1 991	-7 083	-6 405
Change in current liabilities		-7 221	-6 520	-8 352	-7 598	-2 392	-3 146
		<b>-3 552</b>	<b>-6 484</b>	<b>-5 556</b>	<b>-5 763</b>	<b>-9 522</b>	<b>-9 315</b>
<b>Cash flow from operating activities</b>		<b>3 275</b>	<b>-7 542</b>	<b>4 298</b>	<b>-7 932</b>	<b>-10 760</b>	<b>1 470</b>
Acquisition of subsidiaries	6	0	0	0	0	-10 000	-10 000
Investment in fixed assets		-343	-811	-236	-855	-1 215	-596
Investment in intangible assets		-2 327	-2 163	-8 056	-11 177	-14 101	-10 980
<b>Cash flow from investing activities</b>		<b>-2 670</b>	<b>-2 974</b>	<b>-8 292</b>	<b>-12 032</b>	<b>-25 316</b>	<b>-21 576</b>
New share issue		0	0	0	49 523	49 523	0
Commission expenses		0	-123	0	-9 979	-9 979	0
Repurchase of own shares		0	0	-2	0	0	-2
Payment for sale/buy-back of options		0	0	0	0	0	0
Payment of lease liability		-641	-567	-1 901	-1 628	-2 258	-2 531
<b>Cash flow from financing activities</b>		<b>-641</b>	<b>-690</b>	<b>-1 903</b>	<b>37 917</b>	<b>37 287</b>	<b>-2 533</b>
<b>Total Cash flow</b>		<b>-36</b>	<b>-11 204</b>	<b>-5 897</b>	<b>17 954</b>	<b>1 211</b>	<b>-22 640</b>
Cash & cash equivalents at beginning of year		41 746	75 584	47 534	46 405	46 405	64 382
Exchange rate differences in cash & cash equivalents		-60	1	13	23	-83	-93
<b>Cash &amp; cash equivalents at end of period 1)</b>		<b>41 650</b>	<b>64 382</b>	<b>41 650</b>	<b>64 382</b>	<b>47 533</b>	<b>41 650</b>

1) The balance sheet item Cash & Cash Equivalents only includes bank balances at both the beginning and end of the period.



# CHANGE IN EQUITY (GROUP), IN SUMMARY

Amounts in SEK thousand		2024	2023	2023	Rolling
	Note	Jan-Sep	Jan-Sep	Full year	12 months
<b>Equity at start of period</b>		<b>159 319</b>	<b>146 302</b>	<b>146 302</b>	<b>164 577</b>
<b>Comprehensive income</b>					
Profit/loss for the period		-7 138	-21 442	-26 403	-12 099
<b>Other comprehensive income</b>					
Exchange differences		16	69	-127	-180
Total other comprehensive income		16	69	-127	-180
Total comprehensive income		-7 122	-21 373	-26 530	-12 279
<b>Transactions with shareholders</b>					
LTI programme	5	2	105	3	-99
New share issue		0	49 523	49 523	0
New issue cost		0	-9 979	-9 979	0
Total transactions with shareholders		2	39 649	39 547	-99
<b>Equity end of period</b>		<b>152 200</b>	<b>164 577</b>	<b>159 319</b>	<b>152 200</b>

# NOTES

## NOTE 1 – ACCOUNTING POLICIES

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. The parent company's financial statements have been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Annual Reporting Board's recommendation RFR 2, Accounting for Legal Entities. The recognition and measurement policies and bases of estimates applied in the Annual Report for 2023 report have also been used in this interim report.

## NOTE 2 – REVENUE ALLOCATION

Amounts in SEK thousand	2024 Jul-Sep	2023 Jul-Sep	2024 Jan-Sep	2023 Jan-Sep	2023 Full-year	Rolling 12 mth
<b>Segment</b>						
<i>Biometric Technologies (fd Algo)</i>						
Royalty	10 998	4 062	29 583	11 637	17 654	35 600
Licenses, incl. support & maintenance	6 352	7 382	17 347	24 167	31 500	24 679
Other	114	1 191	2 284	3 096	3 658	2 845
<i>Digital Identity</i>						
Licenses, incl. support & maintenance	4 607	4 449	13 804	13 296	18 308	18 816
Other	728	636	2 048	2 561	3 949	3 436
<b>Total</b>	<b>22 799</b>	<b>17 721</b>	<b>65 065</b>	<b>54 758</b>	<b>75 069</b>	<b>85 376</b>
<b>Timing of revenue recognition</b>						
At point in time*	13 599	10 024	35 361	17 599	25 394	43 157
Over time**	9 200	7 697	29 704	37 159	49 675	42 219
<b>Total</b>	<b>22 799</b>	<b>17 721</b>	<b>65 065</b>	<b>54 758</b>	<b>75 069</b>	<b>85 376</b>
<b>Region/Country</b>						
Europe	7 985	6 813	20 927	21 515	29 054	28 465
- w hereof Sweden	4 884	4 891	15 199	15 792	20 982	20 388
Asia	6 272	6 620	22 192	22 148	31 205	31 248
- w hereof China	342	352	1 040	2 799	3 152	1 393
- w hereof Taiwan	5 247	5 553	18 838	17 348	25 224	26 714
USA	8 541	4 287	21 946	11 094	14 811	25 663
<b>Total</b>	<b>22 799</b>	<b>17 721</b>	<b>65 065</b>	<b>54 758</b>	<b>75 069</b>	<b>85 376</b>

\* Sale at a certain time means that revenue is reported point-in-time at the start of the agreement period, when control has been transferred to the customer. Royalties have been moved to sales at a certain point in time in order to provide a more accurate picture.

\*\* Sales over time means that revenue is accrued on a straight-line basis over the term of the agreement.

## NOTE 3 – SEGMENT REPORTING

Amounts in SEK thousand	2024			2023		
	Biometric Technologies	Digital Identity	Total Segment	Biometric Technologies	Digital Identity	Total Segment
			Jul-Sep			Jul-Sep
Net sales	17 465	5 334	22 799	12 635	5 086	17 721
Cost of goods sold	-3 143	-2 720	-5 863	-2 517	-3 854	-6 371
<b>Gross profit</b>	<b>14 322</b>	<b>2 614</b>	<b>16 936</b>	<b>10 118</b>	<b>1 232</b>	<b>11 350</b>

	2024			2023		
	Biometric Technologies	Digital Identity	Total Segment	Biometric Technologies	Digital Identity	Total Segment
			Jan-Sep			Jan-Sep
Net sales	49 214	15 851	65 065	38 900	15 858	54 758
Cost of goods sold	-7 923	-9 849	-17 771	-7 607	-12 601	-20 208
<b>Gross profit</b>	<b>41 291</b>	<b>6 003</b>	<b>47 294</b>	<b>31 293</b>	<b>3 257</b>	<b>34 550</b>

	2023			Rolling 12 mth		
	Biometric Technologies	Digital Identity	Total Segment	Biometric Technologies	Digital Identity	Total Segment
			Full-year			
Net sales	52 812	22 258	75 069	63 125	22 251	85 376
Cost of goods sold	-10 171	-17 075	-27 246	-10 486	-14 322	-24 809
<b>Gross profit</b>	<b>42 641</b>	<b>5 182</b>	<b>47 823</b>	<b>52 639</b>	<b>7 929</b>	<b>60 567</b>

### Other information

Only net sales and product costs are allocated to each segment. Other costs are not allocated at segment level as these items relate to group operations

Reconciliation profit/Loss	2024 Jul-Sep	2023 Jul-Sep	2024 Jan-Sep	2023 Jan-Sep	2023 Full-year	Rolling 12 mth
<b>Gross profit</b>	<b>16 936</b>	<b>11 350</b>	<b>47 294</b>	<b>34 550</b>	<b>47 823</b>	<b>60 567</b>
Marketing and sales expenses	-6 705	-7 064	-24 588	-20 701	-27 420	-31 307
Administrative expenses	-2 495	-3 542	-10 089	-10 662	-14 150	-13 577
R&D expenses	-6 325	-8 039	-20 219	-24 308	-32 105	-28 016
Other operating income/expenses	-260	13	263	83	-606	-425
Financial income/expenses	159	-506	-60	-664	-291	313
<b>Profit/Loss before tax</b>	<b>1 309</b>	<b>-7 787</b>	<b>-7 400</b>	<b>-21 702</b>	<b>-26 749</b>	<b>-12 447</b>

## NOTE 4 – FINANCIAL INSTRUMENTS

The fair value in respect of financial assets and liabilities corresponds in all material respects with the carrying amount in the balance sheet.

### INTEREST-BEARING LIABILITIES

On November 30, 2022, a supplementary agreement was signed that changed the terms and conditions for the remaining liability of SEK 55,000 thousand for the acquisition of EastCoast Solutions AB (see Note 6). On December 1, 2022, SEK 30,000 thousand was paid and on November 30, 2023, SEK 10,000 thousand was paid.

SEK 5,000 thousand will be paid on November 30, 2024, SEK 5,000 thousand on November 30, 2025, and SEK 5,000 thousand on November 30, 2026. Interest will be added to the amounts of SEK 5,000 thousand due on November 30, 2025 and SEK 5,000 thousand due on November 30, 2026. The interest, of 3 months STIBOR + 8%, will be added from November 30, 2023 until the amounts have been paid. The liability is recognized as an interest-bearing liability as of September 30, 2024.

The liability has been calculated at current value at the original effective interest rate of 1.8% and is recognized as other current liabilities (SEK 6,089 thousand) and other non-current liabilities (SEK 11,317 thousand).

## NOTE 5 – LTI PROGRAM

The Annual General Meeting 2022 resolved, in accordance with the Board's proposal, to establish a long-term share bonus program (LTI 2022/2028) for all employees in Precise Biometrics. In order to facilitate the implementation of LTI 2022/2028 and to ensure the delivery of shares to the participants, and to cover the company's costs for social security contributions, the meeting also decided to amend the Articles of Association in the form of the introduction of new Class C shares, authorization for the Board of Directors to issue Class C shares, authorization for the Board of Directors to buy back Class C shares, and approval of the transfer of shares to participants in LTI 2022/2028. The implementation of Class C shares took place in Q4 2022. As of September 30, 2024, Precise Biometrics held 1,085,000 Class C shares.

## NOTE 6 – BUSINESS COMBINATIONS

As of November 30, 2021, the Group acquired 100% of the shares in EastCoast Solutions AB and Besökssystem Sverige AB.

The purchase price totaled SEK 86,203 thousand, of which SEK 24,466 thousand was paid as at December 31, 2021, partly via a cash payment of SEK 18,000 thousand and partly via the issuing of new shares totaling SEK 6,466 thousand. An additional SEK 8,268 thousand was paid in cash in January 2022.

On November 30, 2022, a supplementary agreement was signed that changed the terms and conditions for the remaining liability of SEK 55,000 thousand for the acquisition. See Note 4 for details of the new terms and conditions.

#### IMPACT ON CASH AND CASH EQUIVALENTS IN 2024 (REPORTED IN INVESTING ACTIVITIES):

There is no impact on the Group's cash and cash equivalents during Q3 2024.

See Note 4 regarding repayment of liability.

# PARENT COMPANY INCOME STATEMENT, IN SUMMARY

Amounts in SEK thousand	Note	2024 Jul-Sep	2023 Jul-Sep	2024 Jan-Sep	2023 Jan-Sep	2023 Full year	Rolling 12 mth
Net sales	1	18 994	11 998	52 202	39 282	53 787	66 707
Cost of goods sold		-8 229	-6 907	-23 555	-24 153	-32 709	-32 111
<b>Gross profit</b>		<b>10 765</b>	<b>5 091</b>	<b>28 647</b>	<b>15 129</b>	<b>21 078</b>	<b>34 596</b>
Marketing and sales expenses		-4 120	-4 842	-15 429	-14 330	-18 552	-19 651
Administrative expenses		-2 386	-3 370	-9 671	-10 050	-13 203	-12 824
R&D expenses		-4 140	-5 563	-12 434	-15 200	-19 813	-17 047
Other operating income/expenses		-400	28	267	46	-626	-405
		<b>-11 046</b>	<b>-13 747</b>	<b>-37 267</b>	<b>-39 534</b>	<b>-52 194</b>	<b>-49 927</b>
<b>Operating profit/loss</b>		<b>-281</b>	<b>-8 656</b>	<b>-8 620</b>	<b>-24 405</b>	<b>-31 116</b>	<b>-15 332</b>
Financial income/expenses		197	-454	152	-493	-109	536
Group contributions received		0	0	0	0	3 487	3 487
<b>Profit/loss before tax</b>		<b>-84</b>	<b>-9 110</b>	<b>-8 468</b>	<b>-24 898</b>	<b>-27 738</b>	<b>-11 308</b>
Tax		0	0	0	0	0	0
<b>Profit/loss for the period</b>		<b>-84</b>	<b>-9 110</b>	<b>-8 468</b>	<b>-24 898</b>	<b>-27 738</b>	<b>-11 308</b>

# PARENT COMPANY BALANCE SHEET, IN SUMMARY

Amounts in SEK thousand

ASSETS	Note	2024-09-30	2023-09-30	2023-12-31
<b>Fixed assets</b>				
Fixed assets		1 344	2 194	2 056
Immaterial assets		24 579	34 072	31 630
Deferred tax assets		90 558	90 558	90 558
<b>TOTAL FIXED ASSETS</b>		<b>116 481</b>	<b>126 824</b>	<b>124 244</b>
<b>CURRENT ASSETS</b>				
Inventories		0	311	64
Accounts receivable		13 713	6 823	13 704
Receivable Group		10 689	7 558	10 988
Other receivables		2 623	2 516	2 250
Accruals and deferred income		2 236	2 314	2 488
Cash and cash equivalents		29 240	52 939	35 618
<b>TOTAL CURRENT ASSETS</b>		<b>58 501</b>	<b>72 462</b>	<b>65 112</b>
<b>TOTAL ASSETS</b>		<b>174 982</b>	<b>199 286</b>	<b>189 356</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Restricted Equity</b>				
Share capital		23 539	23 539	23 539
Paid-in unregistered share capital		0	0	0
Statutory reserve		1 445	1 445	1 445
Reserve for development expenses		16 885	23 204	21 556
<b>Total restricted equity</b>		<b>41 868</b>	<b>48 188</b>	<b>46 540</b>
<b>Unrestricted Equity</b>				
Share premium reserve		168 316	168 316	168 316
Retained earnings		-60 916	-39 498	-37 849
Profit/loss for the year		-8 468	-24 899	-27 738
<b>Total non-restricted equity</b>		<b>98 933</b>	<b>103 919</b>	<b>102 729</b>
<b>Total Equity</b>		<b>140 801</b>	<b>152 107</b>	<b>149 269</b>
<b>LONG-TERM DEBT</b>				
Long term debt		11 317	17 330	11 302
<b>TOTAL LONG-TERM DEBT</b>		<b>11 317</b>	<b>17 330</b>	<b>11 302</b>
<b>SHORT-TERM LIABILITIES</b>				
Short-term liabilities		22 864	29 849	28 785
<b>Total Short-term liabilities</b>		<b>22 864</b>	<b>29 849</b>	<b>28 785</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>174 982</b>	<b>199 286</b>	<b>189 356</b>

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# CONSOLIDATED KEY INDICATORS

Amounts in SEK thousands unless otherwise stated	2024	2023	2024	2023	2023	Rolling
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Full-year	12 mth
Net sales	22 799	17 721	65 065	54 758	75 069	85 376
Net sales growth, %	28,7%	-5,8%	18,8%	-23,7%	-17,5%	15,3%
Gross margin, %	74,3%	64,0%	72,7%	63,1%	63,7%	70,9%
EBITDA	6 785	-1 088	9 943	-2 281	-1 691	10 532
Operating profit/loss	1 150	-7 280	-7 340	-21 037	-26 458	-12 761
Working capital *	43 386	56 825	43 386	56 825	43 683	43 386
Capital employed	169 606	164 576	169 606	164 576	176 724	169 606
Liquidity ratio, %	234,7%	234%	234,7%	234%	203,7%	235%
Equity/assets ratio, %	75,8%	73,7%	75,8%	73,7%	74,9%	75,8%
Earnings per share before dilution, SEK	0,02	-0,10	-0,09	-0,27	-0,34	-0,15
Earnings per share after dilution, SEK	0,02	-0,10	-0,09	-0,27	-0,34	-0,15
Equity per share, SEK	1,94	2,10	1,94	2,10	2,03	1,94
Number of shares (thousands)	78 464	78 464	78 464	78 464	78 464	78 464
Weighted avg. number of shares, adjusted for dilution effect (thousands)	78 464	78 464	78 464	61 269	65 568	78 464
Number of employees at the end of the period	30	28	30	28	31	30
Average number of employees during the period	30	30	31	31	30	31
Annual Recurring Revenue	18 434	17 755	18 434	17 755	18 307	18 434

\* The key indicator is calculated excluding current liabilities to EastCoast International AB

# ALTERNATIVE CONSOLIDATED KEY INDICATORS

Amounts in SEK thousands unless otherwise stated	2024 Jul-Sep	2023 Jul-Sep	2024 Jan-Sep	2023 Jan-Sep	2023 Full-year	Rolling 12 mth
Net sales	22 799	17 721	65 065	54 758	75 069	85 376
Net sales growth, %	28,7%	-5,8%	18,8%	-23,7%	-17,5%	15,3%
Gross profit	16 936	11 350	47 294	34 550	47 823	60 567
Net sales	22 799	17 721	65 065	54 758	75 069	85 376
<b>Gross margin, %</b>	<b>74,3%</b>	<b>64,0%</b>	<b>72,7%</b>	<b>63,1%</b>	<b>63,7%</b>	<b>70,9%</b>
Operating profit/loss	1 150	-7 280	-7 340	-21 037	-26 458	-12 761
Net sales	22 799	17 721	65 065	54 758	75 069	85 376
<b>Operating margin, %</b>	<b>5,0%</b>	<b>-41,1%</b>	<b>-11,3%</b>	<b>-38,4%</b>	<b>-35,2%</b>	<b>-14,9%</b>
EBITDA	6 785	-1 088	9 943	-2 281	-1 691	10 532
Depreciation and amortization	-5 636	-6 192	-17 283	-18 756	-24 767	-23 294
<b>Operating profit/loss</b>	<b>1 149</b>	<b>-7 280</b>	<b>-7 340</b>	<b>-21 037</b>	<b>-26 458</b>	<b>-12 762</b>
Current assets	64 815	81 407	64 815	81 407	73 467	56 875
Current liabilities excl. current liabilities EastCoast International*	21 429	24 582	21 429	24 582	29 784	26 631
<b>Working capital</b>	<b>43 386</b>	<b>56 825</b>	<b>43 386</b>	<b>56 825</b>	<b>43 683</b>	<b>30 244</b>
Sales expenses	-6 705	-7 064	-24 588	-20 701	-27 420	-31 307
Administrative expenses	-2 495	-3 542	-10 089	-10 662	-14 150	-13 577
R&D expenses	-6 325	-8 039	-20 219	-24 308	-32 105	-28 016
Other operating income/expenses	-260	13	263	83	-606	-425
<b>Total operating expenses</b>	<b>-15 786</b>	<b>-18 631</b>	<b>-54 634</b>	<b>-55 588</b>	<b>-74 281</b>	<b>-73 326</b>
Cost of goods and services sold	-5 863	-6 371	-17 771	-20 208	-27 246	-24 809
Depreciation Cost of goods sold	4 498	5 087	13 842	15 339	20 244	18 747
<b>Cost of goods and services sold excluding depreciation</b>	<b>-1 365</b>	<b>-1 284</b>	<b>-3 929</b>	<b>-4 869</b>	<b>-7 002</b>	<b>-6 062</b>
Operating expenses	-15 786	-18 631	-54 634	-55 588	-74 281	-73 326
Depreciation Operating expenses	1 137	1 104	3 441	3 416	4 523	4 548
<b>Operating costs excluding depreciation</b>	<b>-14 649</b>	<b>-17 527</b>	<b>-51 193</b>	<b>-52 172</b>	<b>-69 758</b>	<b>-80 823</b>
Balance sheet total	200 868	223 360	200 868	223 360	212 665	200 868
Non-interest-bearing liabilities	31 262	58 783	31 262	58 783	35 941	31 262
<b>Capital employed</b>	<b>169 606</b>	<b>164 576</b>	<b>169 606</b>	<b>164 576</b>	<b>176 724</b>	<b>169 606</b>
Closing equity	152 200	164 577	152 200	164 577	159 319	152 200
<b>Average equity</b>	<b>154 739</b>	<b>155 526</b>	<b>154 739</b>	<b>155 526</b>	<b>158 780</b>	<b>154 739</b>
Current assets minus inventories	64 584	80 940	64 584	80 940	73 109	64 584
Current liabilities	27 518	34 551	27 518	34 551	35 886	27 518
<b>Liquidity ratio, %</b>	<b>235%</b>	<b>234%</b>	<b>235%</b>	<b>234%</b>	<b>204%</b>	<b>235%</b>
Equity	152 200	164 577	152 200	164 577	159 319	152 200
Total assets	200 868	223 360	200 868	223 360	212 665	200 868
<b>Equity/assets ratio, %</b>	<b>75,8%</b>	<b>73,7%</b>	<b>75,8%</b>	<b>73,7%</b>	<b>74,9%</b>	<b>75,8%</b>

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# ANALYSIS OF RESULTS, IN SUMMARY

Amounts in SEK thousand	Note	2024	2023	2024	2023	2023	Rolling
		Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Full-year	12 mth
Net sales	2,3	22 799	17 721	65 065	54 758	75 069	85 376
Cost of goods and services sold excluding depreciation		-1 365	-1 283	-3 929	-4 869	-7 003	-6 062
Operating costs excluding depreciation		-14 649	-17 526	-51 193	-52 171	-69 758	-68 780
<b>EBITDA</b>		<b>6 785</b>	<b>-1 088</b>	<b>9 943</b>	<b>-2 281</b>	<b>-1 691</b>	<b>10 533</b>
Total depreciation		-5 636	-6 192	-17 283	-18 756	-24 767	-23 294
<b>Operating profit/loss</b>		<b>1 149</b>	<b>-7 280</b>	<b>-7 340</b>	<b>-21 037</b>	<b>-26 458</b>	<b>-12 763</b>

# FINANCIAL GLOSSARY

## NET SALES GROWTH

Percentage change compared with the corresponding period in the previous year. A measure of whether a company's net sales are increasing.

## GROSS MARGIN

Gross profit/loss divided by net sales. Indicates the proportion of sales that is left over to cover wages, other operating expenses, interest and profit.

## OPERATING PROFIT/LOSS

Profit/loss before net financial items and tax. A measure of a company's profit before interest and taxes, i.e., the difference between operating income and operating expenses.

## OPERATING EXPENSES

Operating expenses excluding cost of goods sold. Operating expenses are expenses that do not belong directly to a particular product or product group. Common operating expenses include, for example, wages and other personnel expenses, as well as rental of premises.

## EBITDA

Profit/loss before financial items and depreciation. This key indicator shows the Group's profit/loss before depreciation/amortization of capitalized assets. This measure makes it possible to make comparisons with other companies, regardless of whether the operation is based on acquisitions or through organic growth.

## OPERATING MARGIN

Operating profit/loss divided by net sales. Defines what proportion of each Swedish krona of sales is left over to cover interest, taxes and any possible profit.

## CASH FLOW

Cash flow from operating activities after changes in working capital. The operating cash flow indicates whether a company can generate a sufficiently positive cash flow to maintain and expand its operation, or whether it needs external financing.

## WORKING CAPITAL

Current assets less current liabilities. This measure shows the capital a company needs to finance operating activities.

## CAPITAL EMPLOYED

Total assets less non-interest-bearing liabilities and provisions. This measure shows how much capital is used in operations and is thus one component of measuring the return from operations.

## **EQUITY**

Equity at the end of the period. Equity is the difference between the Group's assets and liabilities, which corresponds to the Group's equity that has been contributed by shareholders and the Group's accumulated profit.

## **AVERAGE EQUITY**

The average equity was calculated as equity for the last four quarters divided by four.

## **LIQUIDITY RATIO**

Current assets excluding inventories divided by current liabilities. This key indicator shows the Group's ability to pay in the short term.

## **EQUITY/ASSETS RATIO**

Equity divided by assets on the balance sheet date. This key indicator shows what proportion of assets is funded by equity. This measure can be of interest when assessing the Group's ability to pay in the long term.

## **RETURN ON EQUITY**

Profit/loss after tax divided by average equity. This key indicator shows the business's return on shareholders' capital invested and is thus a measure of how profitable the Group is. Investors can compare this measure with the current bank interest rate or return from alternative investments. The measure can also be used to compare profitability between companies in the same industry.

## **EARNINGS PER SHARE BEFORE DILUTION**

Profit/loss for the period divided by average number of shares.

## **EARNINGS PER SHARE AFTER DILUTION**

Profit/loss for the period divided by weighted average number of shares.

## **EQUITY PER SHARE**

Equity on the balance sheet date divided by the number of shares on the balance sheet date. A measure of the value of equity per share, which is used when valuing the share in relation to the share price.

## **ANNUAL RECURRING REVENUE (ARR)**

ARR is defined as repeat revenues at the end of the quarter for Digital Identity, converted to a 12-month period. Consequently, there is no direct link between the ARR figure and future software revenues for Digital Identity. The ARR metric is used for contractual recurring revenues for the Digital Identity segment, as Digital Identity has a large customer base based on SaaS revenues. There are a small number of large customers in Algo, and therefore license fees are not followed up using the definition of ARR in this segment.